

House File 580 - Introduced

HOUSE FILE 580

BY WHEELER

A BILL FOR

1 An Act relating to the Iowa educational savings plan trust
2 by excluding from the computation of net income for the
3 individual income tax withdrawals for the payment of
4 qualified education expenses for private instruction, and
5 including retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 12D.1, subsection 2, Code 2021, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *Oj.* "*Private instruction*" means independent
4 private instruction as defined in section 299A.1, subsection
5 2, paragraph "b", competent private instruction under section
6 299A.2, or private instruction by a nonlicensed person under
7 section 299A.3.

8 Sec. 2. Section 12D.1, subsection 2, paragraph k, Code 2021,
9 is amended to read as follows:

10 *k.* "*Qualified education expenses*" means the same as
11 "*qualified higher education expenses*" as defined in section
12 529(e)(3) of the Internal Revenue Code, as amended by Pub. L.
13 No. 115-97, and shall include elementary and secondary school
14 expenses for tuition described in section 529(c)(7) of the
15 Internal Revenue Code, subject to the limitations imposed by
16 section 529(e)(3)(A) of the Internal Revenue Code. "*Qualified*
17 *education expenses*" includes expenses for the participation
18 in an apprenticeship program registered and certified with
19 the United States secretary of labor under section 1 of the
20 National Apprenticeship Act, 29 U.S.C. §50, and amounts paid as
21 principal or interest on any qualified education loan on behalf
22 of a beneficiary or a sibling of the beneficiary, subject to
23 the limitations imposed by section 529(c)(9)(B) and (C) of
24 the Internal Revenue Code. "*Qualified education expenses*"
25 includes the payment to others of expenses described in
26 section 529(e)(3)(A) of the Internal Revenue Code for private
27 instruction.

28 Sec. 3. Section 422.7, subsection 32, paragraph c,
29 subparagraph (1), Code 2021, is amended by adding the following
30 new subparagraph division:

31 NEW SUBPARAGRAPH DIVISION. (g) The payment of qualified
32 education expenses described in section 529(e)(3)(A) of the
33 Internal Revenue Code to others for private instruction.

34 Sec. 4. Section 422.7, subsection 32, paragraph c,
35 subparagraph (2), Code 2021, is amended by adding the following

1 new subparagraph division:

2 NEW SUBPARAGRAPH DIVISION. (0c) *"Private instruction"* means
3 the same as defined in section 12D.1, subsection 2.

4 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
5 retroactively to January 1, 2021, for tax years beginning on
6 or after that date.

EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill relates to the Iowa educational savings plan trust
11 (529 plan) by excluding from the computation of net income
12 for the individual income tax withdrawals for the payment of
13 qualified education expenses for private instruction.

14 The bill defines "private instruction" to mean independent
15 private instruction as defined in Code section 299A.1(2)(b),
16 competent private instruction under Code section 299A.2, or
17 private instruction by a nonlicensed person under Code section
18 299A.3.

19 Under the bill, "qualified education expenses" include
20 expenses described in section 529(e)(3)(A) of the Internal
21 Revenue Code including tuition, fees, books, and equipment.

22 The federal tax treatment of the type of withdrawal
23 described in the bill may differ from the state tax treatment
24 under the bill.

25 The bill applies retroactively to January 1, 2021, and
26 applies to tax years beginning on or after that date.